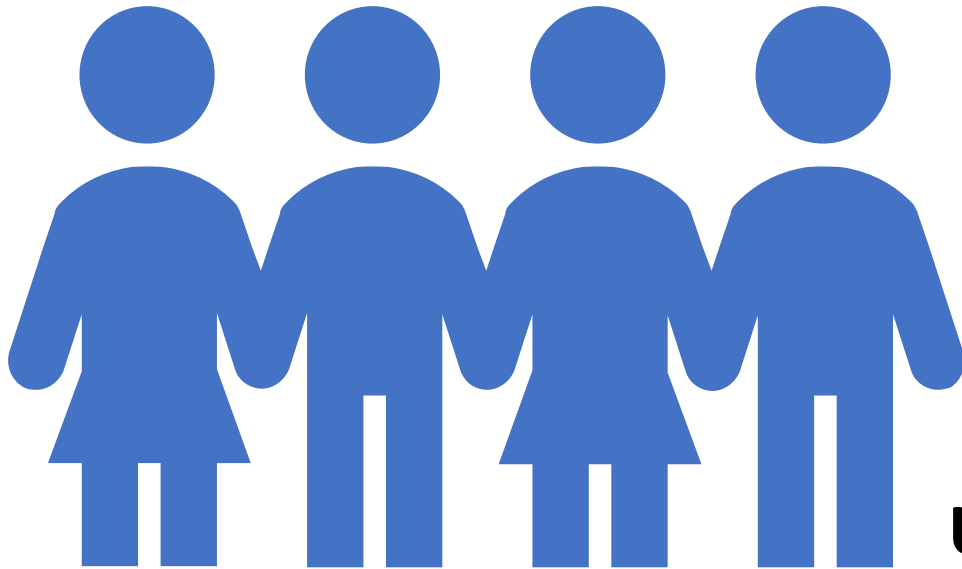


School Funding in Del Norte



**Presentation to the
Del Norte/
Upper Rio Grande School Board
June 23, 2020**

**Tracie Rainey, Executive Director
Colorado School Finance Project**

TODAY'S TOPICS

Who is CSFP?
What do we do?

School Finance in
Del Norte

School Finance's Collision
with COVID-19:
TABOR, Gallagher, Budget
Stabilization Factor

Potential Options:
1) Vaping/Nicotine Tax
2) Gallagher
3) Fair Tax Colorado
4) Energize Our Economy

A blue callout box with a white border and a drop shadow, containing the text 'Colorado School Finance Project (CSFP)'.

Colorado School Finance Project (CSFP)

Who are we?

- Non-profit, non-partisan
- Supported by school district contributions
- School finance analysis for local and state policy makers since 1995
- Governed by a board – national and state experts on school finance

Colorado
School
Finance
Project
(CSFP)

What we do

Our Mission: *To compile, collect and distribute research-based, non-partisan information and data on topics related to school finance for state and local policymakers.*

Colorado School Finance Project (CSFP)

How we do it

- Monthly advisory zoom meetings 130+ attendees – governor’s office – JBC and CDE presenters as examples
- Email updates
- Website: <https://cosfp.org/>
- Twitter: @cosfp

Welcome

Founded in 1995, the Colorado School Finance Project (CSFP) is a non-profit whose mission is to compile, collect, and analyze data on school finance topics related to school finance for state and local policymakers.

June 2020 Forecast – presentations to JBC:

- Colorado Legislative Council staff
 - [Economic & Revenue Forecast](#)
 - [Presentation to the Joint Budget Committee](#)
 - [Consumer Price Index](#)
- Office of State Planning and Budget
 - [State of Colorado: Economic and Fiscal Outlook](#)
 - [Presentation to the Joint Budget Committee](#)
 - [Supplemental Materials to OSPB Forecast](#)

– [Colorado lawmakers made billions in cuts to finish the budget. Now Gov. Polis may need to make even](#)

[School Districts' Mill Levies at time of "de-brucing"](#)

[2008-2021 Budget Stabilization Factor Graph defined by HB20-1418](#)

UPDATED: [Education Week Per Pupil Spending Comparison](#)– This chart compares state per-pupil spending

About Del Norte/ Upper Rio Grande

- 445 students- 262 at-risk
- Per Pupil Revenue: \$9050.41
- Total Program mills: 16.30
- Override mills: 9
- 'De-bruced' in 1996-97
 - Mills at time of 'de-brucing': 39.036
- 1 mill raises \$60,668 or \$54 per student

STATE STARTING POINT

What we know

- The state cut \$3.2 Billion
- B/S Factor - \$1.7 Billion
- The local share will be impacted
- Federal one-time money
- Measures referred to ballot

About Del Norte/ Upper Rio Grande: Budget Stabilization Factor

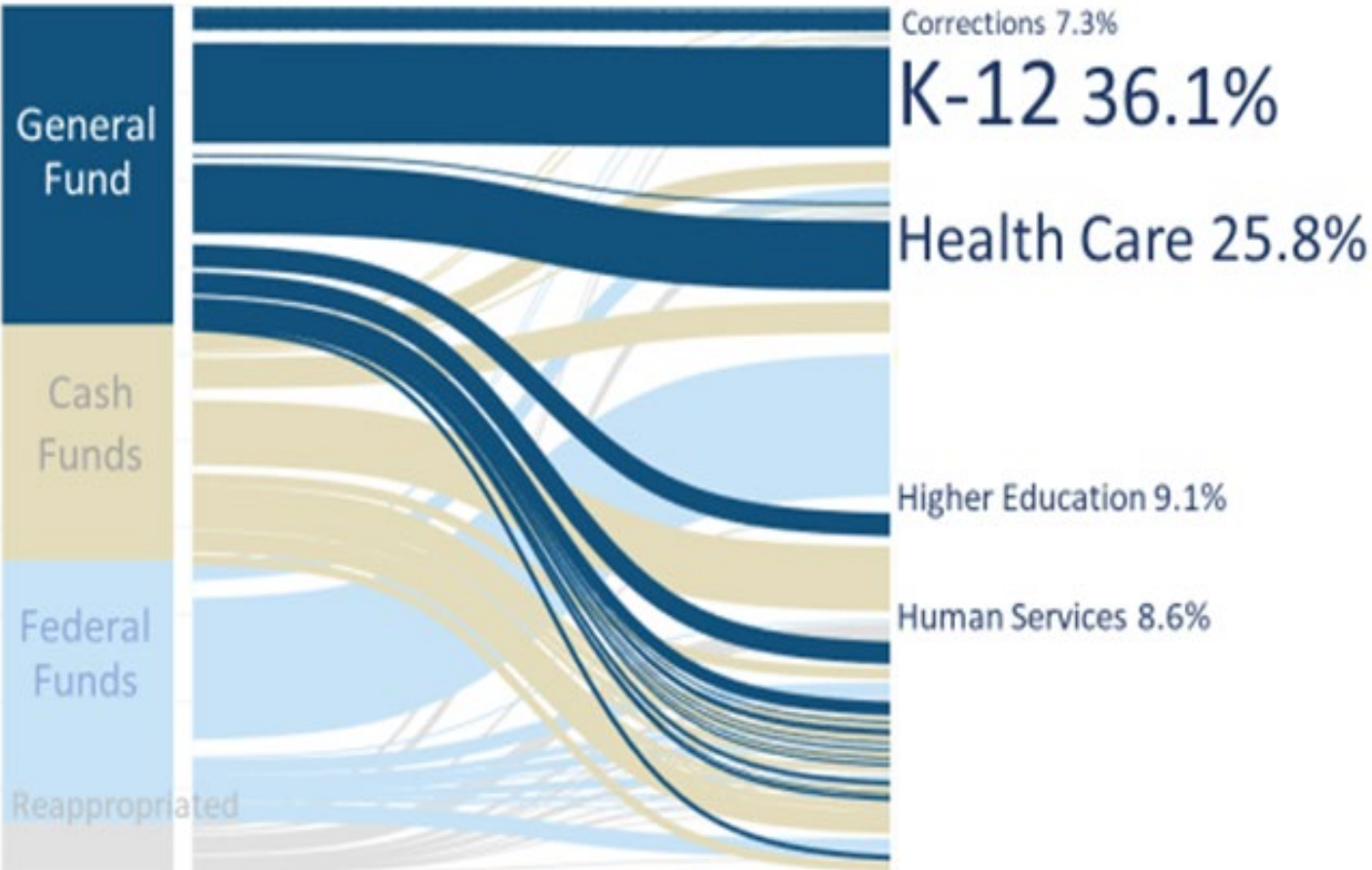
- From 09-10 – 20-21 school year, district has lost **(\$5,988,423)**
- For 2020-21: **(\$658,331)**

General Fund Budget

FY 2019-20: \$12.2 Billion*

Fund Source

Spending by Department



Data source: Joint Budget Committee Staff, Budget in Brief. *Subject to change with 2020 legislation.

Revenue inside the School Finance Act

Local Share – District Total Program = State Share

56.9%
Local Share
Del Norte

LOCAL SHARE
Local District Taxes:
Property Taxes
Ownership Tax

Local Share

- Property tax
- Starting point for determining state share of District Total Program
- Remains in the district

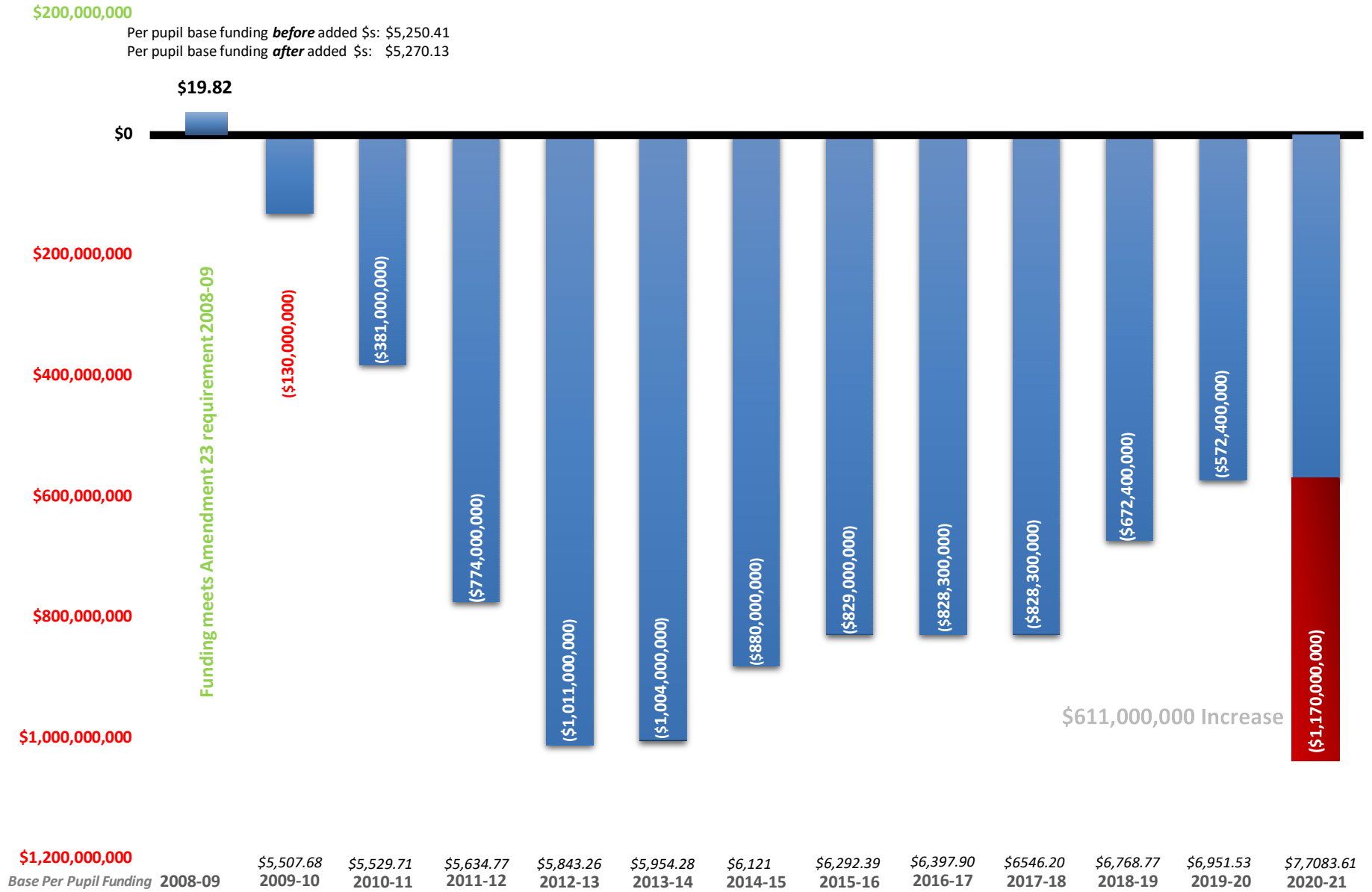
43.1%
State Share
Del Norte

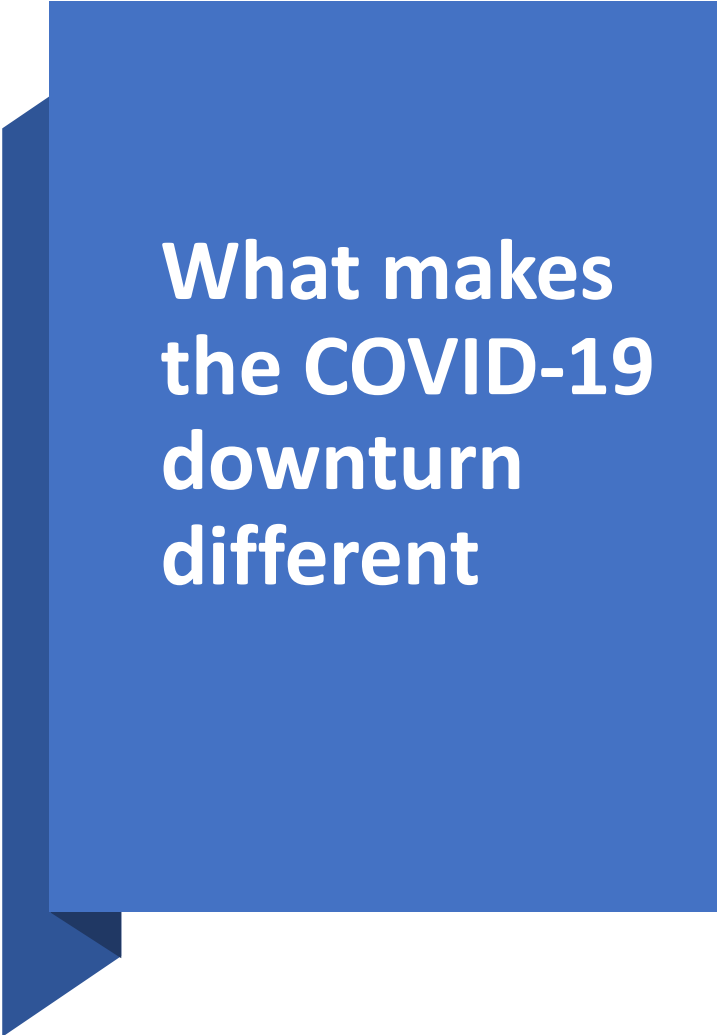
STATE SHARE
State Taxes:
General Fund
Education Fund

State Share

- State “backfills” to reach District Total Program.

2008-2021 Budget Stabilization Factor: Reflects passage of HB20-14



A blue callout box with a white border and a drop shadow, containing the text 'What makes the COVID-19 downturn different'.

**What makes
the COVID-19
downturn
different**

\$s cut

More than \$3 billion dollars from
state's General Fund

Timing

Immediate – reductions in current
year and forecast period

Multiple years of impact

Loss of local share – permanently
gone unless constitution changed

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Residential Assessment Rate

Loss of local revenue due to dropping of oil and gas valuation creating a reduction in funding

Next year RAR goes from 7.15 down to 5.88 mills — approximate **loss of \$500M** for K-12 in local share — ***Gallagher Repeal will eliminate the reduction***

State backfill becomes more challenging and has resulted in **growing the B/S Factor**

Legislative Budget

Budget Stabilization Factor
now \$1.17B- 14.3% cut to K-
12 – concerns that this will
continue to increase.

Impact for your district:
\$658,330

***Fair Tax Colorado – offsets
additional reductions***

A blue callout box with a white border and a drop shadow, containing the text 'Other Things to Consider'.

Other Things to Consider

Continuous budgeting with a conservative approach

- **Quarterly** forecasts

(June, September, December, March)

Don't use one-time CARES money to address on-going costs

Prepare multiple budget scenarios to address:

- Reductions in state share funding (best/worst case)
- Traditional school
- Hybrid model for schools
- Remote learning in place

Efforts that
would impact
school
funding-
SHORT TERM

Short-term efforts DURING
legislative session:

- Tax exemptions- less than \$50 million for K-12
- Gallagher legislation to prevent cuts (does not increase funding)
- Vaping/Nicotine sales tax- rural money for 3 years \$25, \$30, and \$35 million

Efforts that
would impact
school funding-
**POTENTIAL
BALLOT ISSUES**

Potential ballot initiative that would impact school funding:

- Initiative 271- **Fair Tax Colorado** (cuts taxes and adds up to \$2 billion annually, half for K-12)
- Initiative 306- **Energize our Economy** (annual loss of revenue approx. \$160 million)

INITIATIVE #271

INITIATIVE #271 WILL:

Repeal the constitutional requirement that all taxable net income be taxed at one rate.

Create a tiered tax structure helping to equalize across all taxpayers the portion of their income they pay in state and local taxes.

Establish a 25-member Fair Tax Commission

96%

of Colorado Taxpayers have taxable income less than \$250k

2.5%

of Colorado Taxpayers have taxable income between \$250k and \$500k

0.75%

of Colorado Taxpayers have taxable income between \$500k and \$1m

0.36%

of Colorado Taxpayers have taxable income over \$1m

All taxpayers pay a lower rate of 4.58% on first \$250k of taxable income

Subsequent \$250k will be taxed at 7.00%

Next \$250k in taxable income is taxed at 7.75%

Taxable income above \$1m is taxed at 8.90%

Income of \$250,000

Income of \$500,000

Income of \$1,000,000

QUESTIONS: NOW OR LATER

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Stay connected:

- www.cosfp.org
- @COSFP
- Colorado School Finance Project - Facebook